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Pubs vs Clubs – why Pubs are streaking ahead and what Clubs can do to close the gap...

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Pubs vs Clubs – why Pubs are streaking ahead and what Clubs can do to close the gap...



Prior to 1997 Clubs had a big advantage over pubs – revenue from poker machines.

Together with entertainment on a grand scale, when Clubs hosted big bands and shows in the '70s, '80s and early '90s, pokies provided a financial windfall that fuelled growth in the industry.

Most Clubs did very well and some grew into the diversified super-Clubs that we have today.

However, following the NSW State Government's decision to allow pokies into pubs, pubs have become formidable competition in the hospitality sector.

The introduction of pokies provided an injection of income and in-turn profits, that when reinvested into their venues have allowed pubs to strengthen and grow.

With tax paid from gaming revenue by Pubs exceeding that of Clubs for the first time recently, it would appear that Pubs are streaking ahead. They've outperformed the hospitality market by focusing on food, coolness and appeal to a demographic with disposable income.

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So where to from here for Clubs??? What can they do to close the gap....

Pubs have always taken food more seriously than clubs, and with the gastro-pub movement of the noughties, this has placed pubs in a commanding position in the industry. Pubs have a reputation for quality food and facilities that are comfortable and attractive to a broad demographic from families to tradies and through to young people on a night out.

Pubs do have a natural advantage over clubs in that pub buildings are usually smaller-scale multi-roomed venues and frequently on corners. They get good exposure and even when they haven't been renovated for some time they have a homely feel due to the fact that they're often comprised of a series of small rooms.

Clubs, on the other hand, have grown out of being meeting places for subset groups – returned service men and women, bowlers, golfers and other community groups. Many Club's have grown out of initial facilities that comprise large imposing halls and evolved over time with extensions that responded to an immediate need and resulted in large box-shaped buildings that were internally focused.

This model was tried and tested in Casinos and was successful for the communities of the time, and particularly during the "Club-centric" entertainment era. It's fair to say that Clubs have moved well beyond this phase and are a lot more outward looking these days.

Should Clubs be looking to emulate the Pub formula for success?

In some respects *yes*, but in many respects *no*.

Club venues and organisations are sitting on a mountain of value...

Value is not speaking specifically to your Club land holdings. It is not speaking to your facilities, pokies licences or assets. Using the word value is not done lightly – it is critical because Clubs are fast becoming undervalued in current society.

Clubs and Pubs each have a different charter and different values. For Clubs, it is within their values that lies the mountain of value. They are genuinely community-focused organisations – they need to keep doing what they do best and that is connecting with the community.

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Bridge the gap...

However, there needs to be acknowledgement that to bridge the gap, and re-establish Club venues in our communities as venues of choice, they must have appeal beyond the traditional means. This is going to take some change.

Whilst the culture and values of a Club organisation are still very important, they're no longer being taught and observed from one family generation to another, and they're no longer a drawcard for a significant proportion of potential customers.

Societal values have shifted. Whilst underlying values are important to many, the Instagram-effect has well and truly taken hold

Luckily, to appeal more broadly is not that complicated and there are some lessons to be learnt from Pubs.

Design...

At the most basic level Clubs need to break down the spaces within venues more effectively. We've discussed zoning in a [previous post](#) and we've looked at how this can be done on limited budget in [another post](#).

Beyond zoning, Club's must begin to take seriously the Instagram-effect. Image, exclusivity, uniqueness, individuality, distinctiveness – these are all traits that need to be considered to set a venue apart from the rest.

Acceptance of change...

A likely barrier, somewhat unique to the Club industry, may be acceptance of forthcoming change. The tendency for old guard members (and in turn board members) to prioritise considerations about such items as tables of knowledge in particular locations or concerns about boisterous children need to be overcome.

This is not to say the old guard or the tables of knowledge aren't important or should be ignored. On the contrary, they must be catered for in a way that allows for a multitude of users within the footprint of a venue.

A venue needs to be laid out and segmented in such a way that families with kids feel welcomed; groups of young people feel the Instagram vibe; and the old

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Food...

Clubs also need to acknowledge food as number 1. Yes, revenue from gaming is still number 1 for most Clubs and will be for some time, but it is food that can drive a core point of difference to competing venues.

Most pubs do their own food – they control the product, the price-point and the branded offering. Club's need to take the same approach and more – they need to focus on food and leverage it in their marketing.

We know how tough it is for regional Clubs to manage and retain flighty cooks and chefs and there is a history of Club's getting burnt (or more accurately, burning themselves) when taking over the catering operation from contractors. However, these challenges can be overcome with good external advice to assemble the right in-house catering team or selecting the right contract caterer under a structure where the Club retains a degree of control over product, the price-point and the branded offering.

Success stories...

Success stories within the industry tell the story that venues that meet the needs of the demographic with great food and lifestyle relevant offerings and great branding are closing the gap.

The Club industry needs to reflect individually and collectively on how to consider re-positioning their hospitality offering as the Tesla electric vehicle to the Pub industry's reliable Holden/Ford approach – that the Club industry's community-focused approach, with an underlying charter for the greater good, and an image to match, is the way of the future.